

**PROFESSIONAL SERVICES AGREEMENT
BETWEEN
THE CITY OF SURPRISE, ARIZONA
AND
RED OAK CONSULTING**
Agreement Number: SAS12083

THIS PROFESSIONAL SERVICES AGREEMENT (this "Agreement") is made as of April 10, 2010, between the **CITY OF SURPRISE**, an Arizona municipal corporation (the "City") and **RED OAK CONSULTING**, (the "Consultant").

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, which are incorporated herein by reference, and the following mutual covenants and conditions, the City and the Consultant hereby agree as follows:

1. **Term of Agreement.** This Agreement shall be effective as of the date first set forth above and shall remain in full force and effect until June 30, 2013.
2. **Scope of Work.** The Consultant shall provide the Services as set forth in the attached Scope of Work, marked as *Exhibit A* and incorporated by reference herein.
3. **Compensation.** The City shall pay the Consultant according to the attached Scope of work in an amount not to exceed Two hundred eight-five thousand dollars (\$285,000.00) for the Services, marked as *Exhibit A* and incorporated by reference herein.
4. **Payments.** The City shall pay the Consultant subject to the Consultant submitting an invoice to the City for each requested payment detailing the work completed and time. Invoices shall itemize all Services completed to the date of the invoice and provide sufficient detail to justify payment. Upon approval of the invoice, the City shall pay to the named Consultant in the contract unless otherwise indicated herein.
5. **Ownership of Documents.** All documents prepared and submitted to the City by the Consultant pursuant to this Agreement shall be the property of the City.
6. **Consultant Personnel.** The Consultant shall provide adequate, experienced personnel, capable of and devoted to the successful completion of the Services to be performed under this Agreement. The Consultant agrees to assign specific individuals to key positions. Consultant agrees that, upon commencement of the Services to be performed under this Agreement, key personnel shall not be removed or replaced without prior written notice to the City. If key personnel are not available to perform the Services for a continuous period exceeding 30 calendar days, or are expected to devote substantially less effort to the Services than initially anticipated, the Consultant shall immediately notify the City of same and shall, subject to the concurrence of the City, replace such personnel with personnel of substantially equal ability and qualifications.
7. **Inspection; Acceptance.** All work shall be subject to inspection and acceptance by the City at reasonable times during the Consultant's performance.
8. **Licenses; Materials.** The Consultant shall maintain in current status all federal, state and local licenses and permits required for the operation of the business conducted by the Consultant, including

City of Surprise business license. The City has no obligation to provide the Consultant, its employees or subcontractors any business registrations or licenses required to perform the specific services set forth in this Agreement. The City has no obligation to provide tools, equipment or material to the Consultant.

9. Performance Warranty. The Consultant warrants that the Services rendered will conform to the requirements of this Agreement and to the highest professional standards in the field.

1. Insurance.

1.1. General.

1.1.1. Insurer Qualifications. Without limiting any obligations or liabilities of the Consultant, the Contractor shall purchase and maintain, at its own expense, hereinafter stipulated minimum insurance with insurance companies duly licensed by the State of Arizona with an AM Best, Inc. rating of A- or above with policies and forms satisfactory to the City. Failure to maintain insurance as specified herein may result in termination of this Agreement at the City's option.

1.1.2. No Representation of Coverage Adequacy. By requiring insurance herein, the City does not represent that coverage and limits will be adequate to protect the Consultant. The City reserves the right to review any and all of the insurance policies and/or endorsements cited in this Agreement but have no obligation to do so. Failure to demand such evidence of full compliance with the insurance requirements set forth in this Agreement or failure to identify any insurance deficiency shall not relieve the Consultant from, nor be construed or deemed a waiver of, its obligation to maintain the required insurance at all times during the performance of this Agreement.

1.2. Insurance Requirements.

1.2.1. Contractor and subcontractors shall procure and maintain until all of their obligations have been discharged, including any warranty periods under this Contract, are satisfied, insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees or subcontractors.

1.2.2. The *insurance requirements* herein are minimum requirements for this Contract and in no way limit the indemnity covenants contained in this Contract. The City in no way warrants that the minimum limits contained herein are sufficient to protect the Contractor from liabilities that might arise out of the performance of the work under this contract by the Contractor, its agents, representatives, employees or subcontractors, and Contractor is free to purchase additional insurance.

1.3. Minimum Scope and Limits of Insurance: Contractor shall provide coverage with limits of liability not less than those stated below.

1.3.1. **Commercial General Liability – Occurrence Form**

Policy shall include bodily injury, property damage, personal injury and broad form contractual liability coverage.

General Aggregate	\$2,000,000
Products – Completed Operations Aggregate	\$1,000,000
Personal and Advertising Injury	\$1,000,000
Blanket Contractual Liability – Written and Oral	\$1,000,000
Fire Legal Liability	\$ 50,000

Each Occurrence \$1,000,000

The policy shall be endorsed to include the following additional insured language: ***“The City of Surprise, its departments, agencies, boards, commissions, officers, officials, agents, and employees shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Contractor”.***

Policy shall contain a waiver of subrogation against the City of Surprise, its departments, agencies, boards, commissions, and its officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

1.3.2. **Business Automobile Liability**

Bodily Injury and Property Damage for any owned, hired, and/or non-owned vehicles used in the performance of this Contract.

Combined Single Limit (CSL) \$1,000,000

The policy shall be endorsed to include the following additional insured language: ***“The City of Surprise, its departments, agencies, boards, commissions, officers, officials, agents, and employees shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Contractor, involving automobiles owned, leased, hired or borrowed by the Contractor”.***

Policy shall contain a waiver of subrogation against the City, as departments, agencies, boards, commissions, officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

1.3.3. **Worker's Compensation and Employers' Liability**

Workers' Compensation	Statutory
Employers' Liability	
Each Accident	\$ 500,000
Disease – Each Employee	\$ 500,000
Disease – Policy Limit	\$1,000,000

Policy shall contain a waiver of subrogation against the City of Surprise, its departments, agencies, boards, commissions, and its officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

1.3.4. **Professional Liability (Errors and Omissions Liability)**

Each Claim	\$ 500,000
Annual Aggregate	\$1,000,000

a. In the event that the professional liability insurance required by this Contract is written on a claims-made basis, Contractor warrants that any retroactive date under the policy shall precede the effective date of this Contract; and that either continuous coverage will be maintained or an extended discovery period will be exercised for a period of two (2) years beginning at the time work under this Contract is completed.

b. The policy shall cover professional misconduct or lack of ordinary skill for those positions defined in the Scope of Work of this contract.

1.4. **Additional Insurance Requirements:** The policies shall include, or be endorsed to include, the following provisions:

The City of Surprise, its departments, agencies, boards, commissions, officers, officials, agents, and employees wherever additional insured status is required. Such additional insured shall be covered to

the full limits of liability purchased by the Contractor, even if those limits of liability are in excess of those required by this Contract.

The Contractor's insurance coverage shall be primary insurance with respect to all other available sources.

Coverage provided by the Contractor shall not be limited to the liability assumed under the indemnification provisions of this Contract.

1.5. Notice of Cancellation: Each insurance policy required by the insurance provisions of this Contract shall provide the required coverage and shall not be suspended, voided, canceled, or reduced in coverage or in limits except after thirty (30) days prior written notice has been given from the Consultant to the City. Such notice shall be sent directly to the City Procurement.

1.6. Acceptability of Insurers: Insurance is to be placed with duly licensed or approved non-admitted insurers in the state of Arizona with an "A.M. Best" rating of not less than A-VII. The City in no way warrants that the above-required minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency.

1.7. Verification of Coverage: Contractor shall furnish the City with a declarations page of the liability insurance policy, as well as any amendments or riders in order to verify contractual insurance requirements are being satisfied.

All certificates and endorsements are to be received and approved by the City's Procurement department before work commences. Each insurance policy required by this Contract must be in effect at or prior to commencement of work under this Contract and remain in effect for the duration of the project. Failure to maintain the insurance policies as required by this Contract, or to provide evidence of renewal, is a material breach of contract.

All certificates required by this Contract shall be sent directly to the City Procurement division. The City project/contract number, if applicable, and project description shall be noted on the certificate of insurance. The City reserves the right to require complete, certified copies of all insurance policies required by this Contract at any time.

1.8. Subcontractors: Contractors' certificate(s) shall include all subcontractors as insureds under its policies or Contractor shall furnish to the City separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to the minimum requirements identified above.

1.9. Approval: Any modification or variation from the *insurance requirements* in this Contract shall be made by the City, whose decision shall be final. Such action will not require a formal Contract amendment, but may be made by administrative action.

2. Indemnification. To the fullest extent permitted by law, the Consultant shall indemnify, defend and hold harmless the City and each council member, officer, board, commission, officers, officials, employee or agent thereof (the City and any such person being herein called an "Indemnified Party"), for, from and against any and all losses, claims, damages, liabilities, costs and expenses (including, but not limited to, reasonable attorneys' fees, claims processing, investigation, court costs and the costs of appellate proceedings) to which any such Indemnified Party may become subject, under any theory of liability whatsoever ("Claims"), insofar as such Claims (or actions in respect thereof) relate to, arise out of, or are caused by or in connection with the negligent or willful acts or omissions of work or professional services of the Consultant, its officers, employees, agents, or any tier of subcontractor in the performance of this Agreement. In consideration of the award of this contract, the Consultant agrees to waive all rights of subrogation against the City, its officers, officials, agents and employees for losses arising from the work

performed by the Consultant for the City. The amount and type of insurance coverage requirements set forth below will in no way be construed as limiting the scope of the indemnity in this Section.

12. Applicable Law; Venue. In the performance of this Agreement, the Consultant shall abide by and conform to any and all laws of the United States, State of Arizona and City of Surprise, including but not limited to, federal and state executive orders providing for equal employment and procurement opportunities, the Federal Occupational Safety and Health Act and any other federal or state laws applicable to this Agreement. This Agreement shall be governed by the laws of the State of Arizona and suit pertaining to this Agreement may be brought only in courts in the State of Arizona.

13. Termination; Cancellation.

13.1 For City's Convenience. This Agreement is for the convenience of the City and, as such, may be immediately terminated without cause after receipt by the Consultant of written notice by the City. Upon termination for convenience, the Consultant shall be paid for all undisputed services performed to the termination date.

13.2 Conflict of Interest. This Agreement is subject to the provisions of ARIZ. REV. STAT. § 38-511. The City may cancel this Agreement without penalty or further obligations by the City or any of its departments or agencies if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the City or any of its departments or agencies is, at any time while the Agreement or any extension of the Agreement is in effect, an employee of any other party to the Agreement in any capacity or a consultant to any other party of the Agreement with respect to the Agreement's subject.

13.3 Gratuities. The City may, by written notice to the Consultant, cancel this Agreement if it is found by the City that gratuities, in the form of entertainment, gifts or otherwise, were offered or given by the Consultant or any agent or representative of the Consultant to any officer, agent or employee of the City for the purpose of securing this Agreement. In the event this Agreement is cancelled by the City pursuant to this provision, the City shall be entitled, in addition to any other rights and remedies, to recover or withhold from the Consultant an amount equal to 150% of the gratuity.

14. Miscellaneous.

14.1 Independent Contractor. The Consultant acknowledges and agrees that the Services provided under this Agreement are being provided as an independent contractor, not as an employee or agent of the City. The Consultant, its employees and subcontractors are not entitled to workers' compensation benefits from the City. The City does not have the authority to supervise or control the actual work of the Consultant, its employees or subcontractors. The Consultant, and not the City, shall determine the time of its performance of the services provided under this Agreement so long as the Consultant meets the requirements of its agreed scope of work as set forth in Section 2 above. The Consultant is neither prohibited from entering into other contracts nor prohibited from practicing its profession elsewhere. The City and the Consultant do not intend to nor will they combine business operations under this Agreement.

14.2 Laws and Regulations. The Consultant shall keep fully informed and shall at all times during the performance of its duties under this Agreement ensure that it and any person for whom the Consultant is responsible remains in compliance with all rules, regulations, ordinances, statutes or laws affecting the Services, including the following: (i) existing and future City and County ordinances and regulations, (ii) existing and future state and federal laws and (iii) existing and future Occupational Safety and Health Administration ("OSHA") standards.

14.3 Amendments. This Agreement may be modified only by a written amendment signed by persons duly authorized to enter into contracts on behalf of the City and the Consultant.

14.4 Provisions Required by Law. Each and every provision of law and any clause required by law to be in the Agreement will be read and enforced as though it were included herein and, if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party, the Agreement will promptly be physically amended to make such insertion or correction.

14.5 Severability. The provisions of this Agreement are severable to the extent that any provision or application held to be invalid by a Court of competent jurisdiction shall not affect any other provision or application of the Agreement which may remain in effect without the invalid provision or application.

14.6 Relationship of the Parties. It is clearly understood that each party will act in its individual capacity and not as an agent, employee, partner, joint venturer, or associate of the other. An employee or agent of one party shall not be deemed or construed to be the employee or agent of the other for any purpose whatsoever. The Consultant is advised that taxes or Social Security payments will not be withheld from any City payments issued hereunder and the Consultant agrees to be fully and solely responsible for the payment of such taxes or any other tax applicable to this Agreement.

14.7 Entire Agreement; Interpretation; Parol Evidence. This Agreement represents the entire agreement of the parties with respect to its subject matter, and all previous agreements, whether oral or written, entered into prior to this Agreement are hereby revoked and superseded by this Agreement. No representations, warranties, inducements or oral agreements have been made by any of the parties except as expressly set forth herein, or in any other contemporaneous written agreement executed for the purposes of carrying out the provisions of this Agreement. This Agreement shall be construed and interpreted according to its plain meaning, and no presumption shall be deemed to apply in favor of, or against the party drafting the Agreement. The parties acknowledge and agree that each has had the opportunity to seek and utilize legal counsel in the drafting of, review of, and entry into this Agreement.

14.8 Assignment. No right or interest in this Agreement shall be assigned by the Consultant without prior, written permission of the City signed by the City Manager and no delegation of any duty of the Consultant shall be made without prior, written permission of the City signed by the City Manager. Any attempted assignment or delegation by the Consultant in violation of this provision shall be a breach of this Agreement by the Consultant.

14.9 Subcontracts. No subcontract shall be entered into by the Consultant with any other party to furnish any of the material or services specified herein without the prior written approval of the City. The Consultant is responsible for performance under this Agreement whether or not subcontractors are used.

14.10 Rights and Remedies. No provision in this Agreement shall be construed, expressly or by implication, as waiver by the City of any existing or future right and/or remedy available by law in the event of any claim of default or breach of this Agreement. The failure of the City to insist upon the strict performance of any term or condition of this Agreement or to exercise or delay the exercise of any right or remedy provided in this Agreement, or by law, or the City's acceptance of and payment for services, shall not release the Consultant from any responsibilities or obligations imposed by this Agreement or by law, and shall not be deemed a waiver of any right of the City to insist upon the strict performance of this Agreement.

14.11 Attorneys' Fees. In the event either party brings any action for any relief, declaratory or otherwise, arising out of this Agreement or on account of any breach or default hereof, the prevailing party shall be entitled to receive from the other party reasonable attorneys' fees and reasonable costs and expenses, determined by the court sitting without a jury, which shall be deemed to have accrued on the commencement of such action and shall be enforced whether or not such action is prosecuted through judgment.

14.12 Liens. All materials or services shall be free of all liens and, if the City requests, a formal release of all liens shall be delivered to the City.

14.13 Notices and Requests. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if (i) delivered to the party at the address set forth below, (ii) deposited in the U.S. Mail, registered or certified, return receipt requested, to the address set forth below, (iii) given to a recognized and reputable overnight delivery service, to the address set forth below or (iv) delivered by facsimile transmission to the number set forth below:

If to the City:

City of Surprise
16000 North Civic Center Plaza
Surprise, Arizona 85374-7470
Facsimile: 623-222-1800
Attn: Scott McCarty

With copy to:

Surprise City Attorney's Office
16000 North Civic Center Plaza
Surprise, Arizona 85374-7470
Facsimile: 623-222-1101

If to Consultant:

Pat Walker
4646 E. Van Buren Street
Phoenix, Arizona 85008
602-231-0131

or at such other address, and to the attention of such other person or officer, as any party may designate in writing by notice duly given pursuant to this Section. Notices shall be deemed received (i) when delivered to the party, (ii) three business days after being placed in the U.S. Mail, properly addressed, with sufficient postage, (iii) the following business day after being given to a recognized overnight delivery service, with the person giving the notice paying all required charges and instructing the delivery service to deliver on the following business day, or (iv) when received by facsimile transmission during the normal business hours of the recipient. If a copy of a notice is also given to a party's counsel or other recipient, the provisions above governing the date on which a notice is deemed to have been received by a party shall mean and refer to the date on which the party, and not its counsel or other recipient to which a copy of the notice may be sent, is deemed to have received the notice.

14.14 Confidentiality of Records. The Consultant shall establish and maintain procedures and controls that are acceptable to the City for the purpose of ensuring that information contained in its records or obtained from the City or from others in carrying out its obligations under this Agreement shall not be used or disclosed by it, its agents, officers, or employees, except as required to perform the Consultant's duties under this Agreement. Persons requesting such information should be referred to the City. The Consultant also agrees that any information pertaining to individual persons shall not be divulged other than to employees, agents or officers of the Consultant as needed for the

performance of duties under this Agreement.

14.15 Public Records. Notwithstanding any provisions of this Agreement regarding confidentiality, secrets, or protected rights, the Consultant acknowledges that all documents provided to the City may be subject to disclosure by laws related to open public records. Consequently, the Consultant understands that disclosure of some or all of the items subject to this Agreement may be required by law. In the event City receives a request for disclosure that is reasonably calculated to incorporate information that might be considered confidential by Consultant, the City agrees to provide the Consultant with notice of that request, which shall be deemed given when deposited by the City with the USPS for regular delivery to the address of the Consultant specified in 14.13. Within ten (10) days of City notice by the City, the Consultant will inform the City in writing of any objection by the Consultant to the disclosure of the requested information. Failure by the Consultant to object timely shall be deemed to waive any objection and any remedy against the City for disclosure. In the event the Consultant objects to disclosure within the time specified, the Consultant agrees to handle all aspects related to request, including properly communicating with the requestor and timely responding with information the disclosure of which the Consultant does not object thereto. Furthermore, the Consultant agrees to indemnify and hold harmless the City from any claims, actions, lawsuits, or any other controversy or remedy, in whatever form, that arises from the failure to comply with the request for information and the laws pertaining to public records, including defending the City in any legal action and payment of any penalties or judgments. This provision shall survive the termination of this Agreement.

14.16 Conflicting Terms. In the event of a conflict between the Exhibits and this Agreement, the terms of this Agreement shall govern.

14.17 Compliance with Federal Immigration Laws and Regulations. Consultant warrants that it complies with all Federal Immigration laws and regulations that relate to its employees and complies with A.R.S. § 23-214.A. Consultant acknowledges that pursuant to A.R.S. § 41-4401, a breach of this warranty is a material breach of this contract subject to penalties up to and including termination of this contract, and that the City retains the legal right to inspect the papers of any employee who works on the contract to ensure compliance with this warranty.

14.18 Prohibition on Iran investments. As required by A.R.S. §§ 35-391.06 and 35-393.06, Contractor certifies that it does not have a scrutinized business operation in either Sudan or Iran.

The parties hereto have executed this instrument as of the date and year first set forth above.

For the “City”

By: _____
Chris Hillman, City Manager

For the “Consultant”

By: _____

Title: _____

APPROVED AS TO FORM:

Michael D. Bailey, City Attorney

For City Internal Use only:
Signature for Scope/Content approval:

Department Director

Signature for Procurement/Budget Approval:

Procurement Manager

**EXHIBITS
TO
PROFESSIONAL SERVICES AGREEMENT
BETWEEN
THE CITY OF SURPRISE, ARIZONA
AND
CONSULTANT
[Scopes of Work/Fee Schedule/Proposal]**

See following pages.



Mr. Scott McCarty, CPA
Chief Financial Officer
City of Surprise
16000 N. Civic Center Plaza
Surprise, AZ 85374

Subject:
Development Impact Fee Study

Dear Mr. McCarty:

Thank you for the opportunity to complete the development impact fee study for the City of Surprise (City) in accordance with Arizona Revised Statutes (ARS §9-463.05) effective January 1, 2012. The purpose of this study is to update the City's existing development impact fees and calculate a new fee for the storm drainage service category.

Red Oak will be the contracting party with the City (the prime) but it is important to note that our team includes Ms. Pat Walker. She will serve in a "lead reviewer" role and as such we will be able to capitalize on her knowledge of the City's development agreements, development impact fees and that fact that she resides in the Valley. We have a long-standing professional relationship with Ms. Walker built over the past 20 years and she has worked extensively with the City on directly relevant projects. Collectively, this team has over 75 years of local government finance and economic experience as well 40 years of development impact fee experience in Arizona and nationally.

Also joining our team is the firm of Elliott D. Pollack & Company who will prepare the land use assumptions which will be used to develop the future capital plans and also used in determining service areas.

Attached is our proposed scope of work outlining the project objectives and our approach to completing this project for the City as well as our fee proposal.

ARCADIS U.S., Inc.
100 Fillmore Street
Suite 200
Denver
Colorado 80206
Tel 303 316 6500
Fax 303 316 6599
www.arcadis-us.com

Red Oak Consulting
www.redoakconsulting.com

Date:
March 21, 2012

Contact:
Rick Giardina

Phone:
303.316.6505

Email:
Rick.Giardina@arcadis-us.com



Again, thank you for this opportunity and we look forward to working with you and your staff. Please contact me at 303.316.6505 to discuss any aspect of this project.

Sincerely,

ARCADIS U.S., Inc.

A handwritten signature in blue ink that reads "Richard D. Giardina".

Richard D. Giardina, CPA
Senior Vice President

Copies:

Pat Walker, Pat Walker Consulting LLC
Rick Merritt, Elliott D. Pollack & Company

Attachment: Scope of Work, Schedule and Fee Estimate

Development Impact Fee Study

Scope of Work, Schedule and Fee Estimate

Background

The purpose of this project for the City of Surprise (the City) is to calculate development impact fees (for the service categories listed below) consistent with the requirements of Arizona Revised Statutes (ARS §9-463.05) effective January 1, 2012. The City currently has development impact fees for ten different service categories that will be evaluated during this study and a new fee (Storm Drainage) to be developed as part of this study. The fees included in this scope of work are listed below:

Police	Fire and Emergency Medical Services
Transportation	Parks and Recreation Facilities
General Government	Public Works
Library	Water System
Sewer System	Water Replenishment
Storm Drainage (new fee category)	

To complete this project the following scope of work will be executed by the team of Red Oak Consulting (RO will be the prime contractor with the City), Pat Walker Consulting, LLC (PWC) and Elliott D. Pollack & Co. (Pollack), hereinafter collectively referred to as Red Oak, RO or the RO Team. Both PWC and Pollack will have critical and significant roles in the successful completion of this project with Pat Walker, the principal of PWC, leading much of the analysis and participating in meetings and presentations, while Pollack will lead efforts to prepare and present the land use assumption which serve as the “foundation” for estimating capital needs and determining development impact fees.

Frequent regular communication with the City Project Manager and Staff is a vital part of all our work. Throughout the project, we will regularly report our progress, on both a formal and informal basis, and involve City Staff in as many aspects of the project as desired to ensure the project is adequately understood by all appropriate personnel and achieves the City’s goals and objectives.

The balance of this document contains the specific tasks to be completed during this project. It should be noted that the process for determining development impact fees will require a great deal of collaboration between the RO Team and the City and that the tasks herein described are not necessarily sequential. For example, the development of land use assumptions is needed to determine capital requirements which once developed will be used to determine service areas. Once service areas are determined, it may then be necessary to disaggregate the land use assumptions to match the service area definition and then re-evaluate the capital requirements. At each step of the process the RO Team will not just coordinate with the City but in most instances require data, input and direction from the City.

Task Plan

Task 1 – Project Initiation & Management

1. The RO Team will lead a Project Coordination/Strategy meeting with Finance and key City Staff (City Project team) managing this project, to confirm scope of work, roles, responsibilities coordination and project timeline for study tasks and public hearings. A memorandum will be developed to summarize key decisions and discussion items.
2. A list of initial and subsequent data required to complete the study will be submitted to City Staff prior to the Project Coordination/Strategy meeting.
3. RO Team will hold an initial work session with City Council to provide an overview of the scope of work, project timeline and critical path of study tasks.
4. Project coordination, resource allocations, invoicing and a monthly project status summary (a one-page report on key activities, issues, etc.) will be provided to the City's Project Manager, Ms. Andrea Scarla.

Task 2 –Data Collection, Compilation and Analysis

The RO Team will submit, prior to the Task 1 Project Coordination/Strategy meeting, a preliminary data request for information necessary to complete the analysis. We will work with City Staff to review the requested data necessary to update the City's development impact fees to meet the requirements of ARS §9-463.05. We will request that the City provide the following data items:

1. Current facilities
 - a. Total capacity and available capacity for future growth by service area.
 - b. Describe and identify costs for upgrades, replacements or modifications required due to new regulatory requirements for each project in each service area.
 - c. Reserved capacity for future growth by service area.
 - d. Facilities funded by debt or loans outstanding by service area.
2. Minimum developer requirements for facilities constructed and dedicated to City by fee categories, for example: land dedication for parks, on-site water distribution lines, etc.
3. Impervious surface area information for storm drainage fee analysis, i.e., data for determining the equivalent development unit (EDU) for calculating and assessing a storm drainage development impact fee; this may include design criteria information used by the City to size/determine facility needs.
4. Service level information
 - a. Current service level standards by fee category and service area including source of service level standard (e.g., master plans).
 - b. Current service levels provided to existing population and any available capacity for future growth.
5. City-specific trip generation data. If City-specific trip generation data is not available, we will rely on information from the Trip Generation data manual published by the Institute of Transportation Engineers.
6. Up to five comparable communities to survey development impact fees.
7. Provide ten-year projection for construction transaction privilege tax (TPT) and other growth related revenues.
8. Current multi-year capital improvement plan over a ten-year study period to be further reviewed after the completion of Task 3.

9. Identification of existing and proposed reimbursement agreements for the ten-year study period.

Task 3 – Development of Land Use Assumptions (LUA)

1. Land use assumptions and city growth projections will be developed by Pollack and will include the next ten years for residential, multi-family, industrial and commercial land use types included in the City's general plan. The projections will include:
 - a. Population, employment, single family and multi-family housing units, as well as square feet of retail, office, industrial and other non-residential developments by type. Factors considered in the land use forecast include:
 - i. Single family vacancy rates.
 - ii. Availability of single-family lots.
 - iii. Availability of existing infrastructure.
 - iv. Relationship between population and employment growth and non-residential square feet.
 - b. Land use forecast will be provided by special planning area (SPA) or any sub-regions that has been designated by the City.
 - c. Compare and identify any differences between land use assumptions and the general plan for the ten year projection period.
2. After the completion of the land use analysis, the RO Team and the City project team will:
 - a. Discuss existing SPAs and/or alternative service area designations determined by City Staff by fee category to be served by current and new facilities based on land use assumptions.
 - b. Review updated capital improvement plan based on land use assumptions and master plans for the next ten years for non-utility fee categories and up to 15 years for utility fee categories compared to proposed projects based on land use assumptions.
3. Pollack will prepare a report on the recommended land use assumptions that will serve as the basis for updating capital facilities and infrastructure needed to serve growth over the next ten years as well as the development of Infrastructure Improvements Plan (IIP) developed in Task 4.
4. Pollack will attend the Project Coordination / Strategy meeting in Task 1 and one Stakeholder meeting included in Task 6 and one Public Hearing and/or City Council meeting in Task 7.

Task 4 – Development of Infrastructure Improvement Plan (IIP)

Below are the activities associated with the development of the IIP incorporating Tasks 2, 3 and 4 data and analysis.

1. City to define and incorporate a map of all service areas in the City that will provide necessary public services.
2. Incorporate results of review of existing development impact fee agreements completed in a separate review project that will include contributed facilities, development impact fee credits available and redeemed, and any future capacity reservations. City to provide information on existing or proposed community facility districts (CFD's), if any.
3. Incorporate land use assumptions and growth projections developed in Task 3 for refinement by City of timing of capital projects for ten years developed in Task 3.
 - a. An estimate of future EDU's for each service area defined by the City will be developed.
4. Incorporate proposed development impact fee agreement growth-related projects into the IIP.

Once requested data is provided and evaluated in previous tasks, the RO Team will hold separate meetings with City Staff and Department Directors who have projects that are proposed to be funded by development impact fees; these meetings will be held at the City offices over a two-day period. During meetings, we will discuss the following:

1. Guidance within ARS §9-463.05 affecting facilities eligible for development impact fee recovery.
2. Existing service level information provided in Task 2.
3. Existing and planned capacity for necessary public service projects by service area developed by City. Identify the existing EDUs by service area.
4. Future facilities and capital improvement cost estimates provided by the City and developed by City licensed engineer in the State of Arizona.
 - a. Service level capacity added by future improvements to serve new growth by service area that will be served.
 - i. Improvements to current facilities related to upgrading or updating facilities to maintain current service levels, improve service levels or meeting more strict regulatory standards by service area.
 - ii. Improvements related to expanding capacity to serve new growth.
 - iii. Estimate the total existing and future EDU's within each service area based on the land.
5. Projected or anticipated capital funding sources for growth-related facility improvements.
6. Current population and growth projections by land use category developed in Task 3.

Based on the review of key data, discussion with City Staff and subsequent evaluations the RO Team will summarize current service level standards and existing and projected capacity requirements by fee category and service area in a technical memorandum. We will develop a separate summary of facility cost estimates and growth-related projects to be used in the development impact fee analysis. The RO Team will recommend the development impact fee methodology and approach by fee category as the basis for calculations in Task 5.

Draft and final IIP and LUA will be developed in Task 7.

Task 5 - Calculation of Development Impact Fees, Funding and Cash Flow Analysis

RO Team will calculate development impact fees based on the recommended approach per fee category and service area in compliance with ARS §9-463.05. We will complete the following activities:

1. Growth-related projects, existing or new, requiring development impact fee credits will be included in the ten-year IIP developed in Task 4 and calculation of the fees.
2. Offsets for growth-related revenue such as excess TPT tax, and other growth-related revenue used towards growth-related capital projects will be taken into consideration for the calculations for the ten-year study period.
3. Survey development impact fees of up to five (5) comparable communities to be selected by City staff.
4. Financing costs will be determined by preparing a ten-year cash flow analysis of funding sources for the capital costs including estimates for development impact fee revenues and estimated costs for growth-related projects anticipated and repayment of existing growth-related debt.
5. Repayment of loans to the various funds as well existing debt service for growth-related projects will be included in the calculations.

6. Fees by type and/or service area will be calculated based on level of service standards per EDU equal to one single-family detached dwelling unit with equivalency ratios to other development types such as residential, multi-family (where appropriate), commercial and industrial developed in Task 3.

Once preliminary fee calculations are complete, we will review the results with City Staff to apply modifications to the underlying analysis and prepare recommended fee schedules by fee category and service area, as appropriate.

Task 6- Stakeholder Meetings

The RO Team will facilitate up to four (4) stakeholder meetings with the development community, associations, citizens and/or Advisory Committee in addition to Public Hearings and City Council presentations in Task 7.

The purpose of these meetings will be to:

1. Discuss ARS §9-463.05 requirements, and the process and timeline of the study.
2. Receive input at key points throughout the process regarding land use assumptions, facilities, and service area designations.
3. Receive and respond to subsequent input received from stakeholders to review preliminary IIP facilities, land use assumptions and development impact fees by type and service area prior to Public Hearings.

Task 7 - Reports and Presentations

The RO Team will develop separate draft and final IIP and land use assumptions, and development impact fee reports as part of this study. Our scope includes one meeting between the RO Team and City staff to review City comments and receive feedback regarding the draft IIP and development impact fee report. The development impact fee report will include a discussion of our approach and calculations, land use assumptions and demographic information used, project costs, financing amounts, cash flow analysis and IIP that will be developed according to ARS §9-463.05 requirements.

The RO Team will prepare meeting materials and presentations for up to four (4) City Council meetings and/or hearings in addition to the Council work session discussed in Task 1. The anticipated public City Council meetings are:

1. Public Hearing to adopt the land use assumptions and IIP.
2. City Council meeting for discussion and adoption of land use assumptions and IIP.
3. Public Hearing to present study report and recommended development impact fee schedules.
4. City Council meeting for discussion and subsequent adoption of the development impact fees.

Deliverables

The formal deliverables for this study include:

1. Preliminary and subsequent data request.
2. Project status reports (a one page summary of current activities, project status and study issues) will be provided with the monthly invoice.
3. One (1) meeting with the City Project Team referenced in Task 1.
4. Meetings with City Staff and Department Directors over a two (2) day period referenced in Task 4.
5. Four (4) meetings with external stakeholders and/or an Advisory Committee referenced in Task 6.
6. Four (4) public hearings or presentations to City Council referenced in Task 7.
7. Technical memos on:
 - a. Land use assumptions report and projected population and growth for residential, commercial and industrial land use types included in the City's general plan and developed in Task 3.
 - b. Current service level standards and existing and projected capacity requirements by fee category and service area developed in Task 4.
 - c. Summary of facility cost estimates and growth-related projects incorporated in development impact fee analysis developed in Task 4.
 - d. Recommended fee approach by fee category and/or service area developed in Task 4.
 - e. Proposed fee schedule by fee category and/or service area developed in Task 5.
8. Ten-year cash flow projection for each fee category and service area developed in Task 5.
9. Survey of up to five (5) comparable communities for development impact fees developed in Task 4.
10. Electronic copy of the preliminary IIP and land use assumptions developed in Task 7.
11. Electronic copy of the final IIP and land use assumptions developed in Task 7.
12. Electronic copy of the preliminary development impact fee report developed in Task 7.
13. Electronic copy of the final development impact fee report developed in Task 7.

For workshops and presentations, the Consultant Project team will prepare handouts and presentation materials.

Additional Services

As requested and approved (in advance) by the City, we will provide services in addition to those in the proposed scope of work. Examples of these additional services include:

- Additional Stakeholder or City Council meetings above the nine (9) anticipated in the scope of work; these would include meetings with individual developers, builders, etc. We have not included any such meetings in the scope or our fee estimate.
- Additional iterations of the draft IIP and land use assumptions or development impact fee reports; iterations beyond the single "draft-final" process for each report included in Task 7.
- The calculation of development impact fees for necessary public service fee categories other than those categories listed in the Background section of this document.
- Expert legal advice on ARS§9-463.05 that may be needed from outside the City legal counsel.
- Development impact fee implementation assistance.

Schedule

We expect the timeline for this engagement to be approximately 15 months, including required public hearings, depending upon the availability of City Staff and timely access to City records. The timeline anticipates a project start date of April 1, 2012 and City Council adoption of development impact fees in July of 2013. Fees would become effective 75 days after approval by the City Council.

Fee Estimate

We propose to complete this project for \$284,436; this amount represents our not-to-exceed fee based on the scope of work, meetings, etc. contained in this document. We will submit invoices monthly and payment is due within 30 days of the date of the invoice.

Attachment 1 to this document is a summary of our cost estimate; it lists the hours and costs for each of the major tasks.

City of Surprise, Arizona
2012 Development Impact Fee Study
Attachment 1

Task No.	Task Name	Total Red Oak Consulting / Pat Walker, LLC		Elliott D. Pollack & Co.	Total Project Cost
		Hours	Cost	Cost	
1	Project Initiation and Management	140	\$31,744	\$1,100	\$32,844
2	Data Collection, Compilation & Analysis	142	27,508	0	27,508
3	Development of Land Use Assumptions	18	3,982	33,550	37,532
4	Development of Infrastructure Improvements Plan	224	45,008	0	45,008
5	Calculation of Development Impact Fees, Funding and Cash Flow Analysis	308	55,730	0	55,730
6	Stakeholder Meetings	132	30,397	1,375	31,772
7	Reports and Presentations	240	52,666	1,375	54,041
Total		1,204	\$247,036	\$37,400	\$284,436